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## THE RETURN OF THE SHIMONOSEKI INDEMNITY

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Rarely does an article appear dealing with the relations of the United States with China or Japan in which stress is not laid upon the manifestations of national good will in the return to China of a large portion of the Boxer indemnity and, still earlier, of the unclaimed portion of another indemnity, and of the return of the whole sum received from Japan under the Shimonoseki Convention. Each of these incidents presents a suggestive topic for the student of international relations, and today, when the relations of Japan and the United States are the subject of so much discussion, it may be well to recall an incident concerning which much misunderstanding still persists.

This so-called Shimonoseki indemnity was based upon the Convention of October 22, 1864, signed by a representative of the Shogun of Japan and by the representatives of Great Britain, the United States, France and the Netherlands. This called for the payment of \$3,000,000 within fifteen months after the exchange of ratifications, or for the opening of an additional port in Japan if both parties agreed. The origin of this convention must be sought in that most interesting period of Japanese history which falls between the opening of Japan in 1854 by Commodore Perry and the restoration of the Mikado in 1868.

With many of the events of this period we are not concerned. The inextricable confusion of foreign and domestic affairs following the negotiation of the treaties, the rapid rise of hostility to the Tokugawa family, the Shogunate, and its foreign policy, the crystallization of this

hostile sentiment around the Mikado and his court at Kyoto, and the friction which developed at the treaty ports, all present interesting and difficult subjects for investigation. The opposition to the Tokugawa Shogunate was led by the western clans, notably those of Choshu and Satsuma. They found a valid excuse in the fact that the second series of foreign treaties, those of 1858, had been negotiated by the Shogunate without the Mikado's approval. At that time, in order to secure the support of the increasingly powerful Mikado, the Shogunate had receded from its former sound position that foreign relations should be inaugurated because of their manifest advantages for Japan and had asserted that the relations were a temporary evil which must be endured during the weakness of Japan, but that soon the foreigners would be expelled. On this understanding, in 1859, a qualified approval of the treaties was obtained. There can be little doubt that the Shogunate had not altered its former views, but that it hoped to temporize and eventually convert the anti-foreign kuge and daimyo to a better understanding of the needs of Japan.

It was this weak concession on the part of the Shogunate, based on the belief that it must secure in some manner the Mikado's approval, which occasioned most of its later difficulties, which caused it to play a dual rôle in its relations with the treaty powers and with the Mikado, which gave a good excuse for the reiterated demands that the period of temporary foreign intercourse be brought to an end, and which permitted the great clans of the west to carry on their anti-Shogunate propaganda under the guise of loyalty to the Mikado. In April, 1863, when the Shogun obeyed an imperial command to go up to Kyoto to discuss affairs with the Mikado, the anti-foreign party succeeded in forcing the Shogun to agree to the expulsion of the foreigners, although he realized full well that such a proceeding could only result in disaster. On their part, the hostile nobles questioned the good faith of the Shogun and after conferences which continued for over a month the Mikado on June 5 handed down a decree which ap-

pointed June 25 as the day on which foreign relations were to cease. This was received by the Shogun with misgivings, and the maritime daimyos were notified to defend their coasts and, when invaders should come, to sweep them away.

This edict of the Mikado, reverently accepted by the Shogun, seemed to mean that foreign relations would soon be brought to an end. It should be noted that the Shogun was still in charge of the political affairs of the empire and the decree was enforceable by him and under his commands. But he still hoped to be able to temporize, and so, on June 24, a minister for foreign affairs notified the representatives of the treaty powers, at Yokohama, that orders had been received from the Mikado to cause the open ports to be closed and the foreigners to be removed, and hence that negotiations on the subject would take place. The Mikado and his anti-foreign supporters called for immediate action, the Shogun interpreted the decree to mean that on the announced date negotiations would commence, which might be protracted through many months, and even perhaps for years.

If the Shogun interpreted the decree to suit his knowledge of the dangers of the situation, the leader of the hostile daimyos, Mori of Choshu, interpreted it to suit his own ends. Without any authority in law or custom he determined to act himself, without orders from the Shogun, hoping, no doubt, to so embroil the Shogunate in a foreign war that the foreigners would be expelled and the Shogunate would go down with them to defeat and destruction. Choshu lost no time. At 1 a.m. on the morning of the 26th of June two of his ships fired upon a little American steamer at anchor in the Straits of Shimonoseki, the western entrance to the Inland Sea of Japan. The *Pembroke* escaped with little damage, but the American flag had been fired upon by a hostile daimyo. On July 8, a French gunboat was fired upon by the batteries, and on the 11th a Netherlands steam-sloop. As the Shogunate disavowed the action of Choshu, the American minister, Mr. Robert H. Pruyn, and Commander McDougal, of the

*U. S. S. Wyoming*, determined to capture or destroy the offending vessels, and so on July 16 an American ship went into action in Japanese waters, after it had been fired upon by the ships and batteries of Choshu. Eventually an indemnity of \$11,200 was paid by the Shogunate for the attack on the *Pembroke*. On the 20th, the French admiral with two ships also bombarded the batteries. It is of interest to note that the British admiral sent a ship down to communicate with Admiral Jaurès, in the hope (as expressed at the time) that it might be fired upon so that the strong British fleet might be brought into action. But Choshu cannily failed to take the bait. And at no time did the clan fire upon a British ship.

It should here be noted that Choshu was acting in open violation of the authority of the Shogun, that she claimed to be acting under orders from the Mikado, and that she held the north side of the Straits, while a loyal clan, which never attacked foreign ships, held the southern side. On the other hand it should be borne in mind that the foreign ships had no treaty right to enter the Straits, which were solely governed by Japanese law, nor was the passage of the Inland Sea essential to the use of the then open ports—Nagasaki, Kanagawa, Hakodate. The representatives of the four treaty powers, however, took the position that the navigation of the Inland Sea was a treaty right and called upon the Shogunate to open the Straits or else they would send a joint expedition. But neither of these events occurred for more than a year. The interest of the British was turned to their bombardment of Kagoshima, in August, and the subsequent negotiations in Japan and bitter criticisms in England. The British government then came to the conclusion that the opening of the Straits was not worth a war with Choshu, which might develop into a general struggle, and so empowered the British minister to issue a regulation forbidding British ships to enter any straits or waters of Japan where their presence might lead to acts of violence or might endanger the peaceful relations between the two countries. Choshu still closed the Straits, but she had been punished by the guns of the

American and the French ships, and she was unable to cause any mischief so long as foreign ships avoided the narrow passage. Apparently the conduct of Choshu, as a *casus belli*, was no longer a subject for discussion.

And yet within a few months an allied squadron was beating down the batteries of Shimonoseki. This presents a problem which has generally been much misunderstood. The expedition against Shimonoseki was mainly the work of one man, and it was carried on in violation of general instructions at hand and of specific instructions which arrived too late, it was done for a very different reason from the assigned one, and it was from almost every point of view unnecessary and unwise.

In a brief paper it is impossible to develop all the points suggested above, but any careful study of the voluminous diplomatic papers of the time will establish their accuracy. The man who forced through the joint operation was Sir Rutherford Alcock, the British minister. His reason was not so much to maintain the asserted treaty right of navigation through the Straits, which his government had distinctly waived, as it was to deal a crushing blow at Choshu, the powerful leader of the anti-Shogunate clans. Sir Rutherford had come to the conclusion that the maintenance of the treaties depended upon the supremacy of the friendly Shogunate, which was openly threatened by some of the great lords of the West. In 1863 the British and French representatives had offered their ships and men to the Shogun against the western lords, but the Shogun, preferring a foreign to a civil war, refused their proposal. But after Alcock's return from England, in March, 1864, he determined that a blow must be struck against the lords who were both anti-Shogun and anti-foreign, and as Choshu had given a cause for punitive measures the blow should fall upon her, as an example to the others. Of this there can be no question after a study of his despatches. So he labored for months to bring his colleagues to his point of view, and also to gain, if possible, the support of Lord Russell, the British secretary of state for foreign affairs. He had more success with the former than

with the latter, although Mr. Pruyn outlined a policy of forbearance and moderation which was accepted by Lord Russell and imposed by him upon Alcock, but unhappily, too late. Russell's despatch of July 26, 1864, positively enjoined Alcock not to undertake any military operation whatever in the interior of Japan, nor to resort even to naval operations except in self-defense. And it again called his attention to the Order in Council which empowered him to prohibit British ships from entering any straits or waters if he deemed it expedient. This despatch, however, did not reach Alcock until after the expedition had sailed from Yokohama. A despatch of similar purport was, about this time, sent by Mr. Seward to Mr. Pruyn, but it also, arrived too late.

We cannot dwell upon the efforts of Alcock to secure the approval of his colleagues for the step he proposed, nor the negotiations which took place with the Shogunate. In the meantime, Choshu, which had been the leader of the pro-Mikado party had lost favor through its mad attempts to secure the person of the Mikado at Kyoto and was then an outlaw under sentence of punishment decreed by the Mikado, to be enforced by the Shogun. For this reason the Shogunate, while openly protesting against the interference of the foreign powers in the internal affairs of Japan, was inwardly pleased that the powerful allied squadron was about to break the strength of the most powerful of the hostile clans. After two false starts, the fleet sailed from Yokohama on the 28th and 29th of August, 1864, consisting of nine British, four Dutch, three French, and one American vessel. As the only American ship of war in Japanese waters was the sailing ship *Jamestown*, which was quite unavailable for such service, Mr. Pruyn chartered a small American steamer, the *Ta-kiang*, to which a Parrott gun was transferred from the *Jamestown*.

The squadron entered the Straits on the afternoon of September 5. No attempt was made to negotiate with Choshu, and the first shot was fired by the British flagship. On the next three days the action was continued, until all the batteries were taken and the cannon removed

or destroyed. Then an envoy of the daimyo appeared and a discussion commenced. It was learned that an earlier attempt to communicate, before the bombardment began, had failed. At that time the daimyo was about to propose an armistice until the Mikado could be prevailed upon to revoke his expulsion decree. In other words, if an attempt had been made to negotiate before the offensive was assumed it is probable that no hostilities would have occurred.

Choshu was now defeated, the daimyo was in retirement because of the Mikado's wrath, the clan was outlawed. So the clan envoys accepted all the demands of the admirals, agreed to keep the Straits open, promised not to repair the batteries or build new ones, and agreed to pay a ransom for the city of Shimonoseki "which might justly have been burnt," and also the whole expenses of the expedition.

At the time the Shimonoseki operations were deemed unqualifiedly successful. Sir Rutherford Alcock, who had been recalled by his government, now received full approval for all that he had done. The Straits had been opened, which was the announced object of the expedition. Choshu had been punished and made a horrible example, which was the real underlying object. But it must be remembered that Choshu defeated in 1864 was a very different clan from the Choshu of 1863, which had fired upon the foreign ships, for in 1864 it was an outlaw clan. And the Shogunate also was well content, for the allied fleet had done its work well. But the Yedo administration did not propose to formally sanction direct action by the powers upon one of the fiefs. That was why the convention of 1864 was signed, by which the Shogunate assumed the pecuniary obligations of Choshu, which were fixed at \$3,000,000. At the time it was believed that this sum would be divided among the four powers in proportion to the ships and men which they sent into action. It was the French minister who suggested that the "moral support" contributed should also be considered, and it was he who secured the increase in the sum of \$2,000,000 to \$3,000,000. Mr. Pruyn accepted the enlarged amount in



the hope that it would force the Shogun to open a new port rather than pay the money.

It was one thing for the Shogunate to promise to pay \$3,000,000 within fifteen months after the exchange of ratifications—it was quite another thing to find the money. The financial weakness of the Shogunate was one of the reasons for its rapid decline and collapse. While the powers were corresponding among themselves as to whether they preferred the full indemnity or a new port, the Shogunate removed this question from the realm of discussion by announcing that it would pay the full amount. But it unwisely asked for an extension of the term of payment. This gave the powers which preferred enlarged commerce to an indemnity a lever with which to pry further concessions from the Japanese. The first instalment, of \$500,000 was not due until April, 1866, because of the delay in securing ratification of the convention in Washington, but the Japanese made their first payment in August, 1865. The British chargé at Yokohama proposed that in lieu of two-thirds of the indemnity the Japanese might offer the ratification of the treaties by the Mikado, the speedy opening of the port of Hiogo, and the reduction of the import duties. From this suggestion developed the naval demonstration off Osaka, in November, 1865, under the masterful leadership of Sir Harry Parkes (who acted in violation of his instructions much as Alcock had done the year before). This demonstration caused the Shogunate to yield two of the three demands, without receiving any reduction in the indemnity. The Mikado gave formal approval of the treaties, which brought to a close the general anti-foreign agitation, and the tariff was to be reduced, but the Shogunate would not advance the date of opening Hiogo and Osaka. Concerning this episode the western historian would prefer to draw the veil.

So the Shogun renewed his promise to pay the full indemnity. The next question was that of the division of the spoils. Instead of basing the distribution upon the forces engaged, as Alcock and Pruyn had thought proper, or with some consideration of the "moral support" of each of the

powers, as suggested by M. Roches, the French minister in Japan, it was proposed by the Earl of Clarendon, then British foreign minister, that the money be divided equally, on the basis of the equal "moral support" of the four flags. This proposal was of course accepted by the three other powers, the United States profiting more than any other, and Great Britain losing most. And before the money was to be divided, an allowance of \$140,000 each was credited to France, Holland, and the United States because of the attacks upon their ships in 1863. This arbitrary sum was based on a provision in an unratified Franco-Japanese convention of 1864 in which the Shogunate agreed to pay that amount to France. So by this method, Great Britain would receive \$645,000, and the other three powers, \$785,000 each. But the money loss was considered worth while by Great Britain if it could strengthen the principle of coöperation among the four powers in Japan.

The payment of the indemnity was a protracted proceeding. Reckoning the fifteen months from the time the first instalment was paid, the final payment should have been made by December 1, 1866, but almost seven years elapsed before the account was closed. The second instalment was paid on January 8, and the third on May 16, 1866. Then the Shogunate begged for a postponement of the three remaining payments, and the powers were willing to be reasonable, for on June 25, the tariff was revised downwards, to their satisfaction. This was the objectionable conventional tariff which Japan struggled against so ineffectually until 1894.

In 1867 came the resignation of the Shogun, and the next year brought the civil war of the Restoration. The new imperial government assumed the treaty obligations of the Shogunate, including the unpaid moiety of the Shimonoseki indemnity. It was agreed to postpone the payment until May 15, 1872, in return for a continuance of the low tariff valuation on tea and silk. Those were years of reorganization along all lines in Japan and the new government was hard put to find money to finance the costly reforms. Sir Harry Parkes offered a remission of the sum due Britain

in return for additional privileges to foreigners, but Japan, anxious to revise the existing treaties, was unwilling to grant new immunities. So she borrowed the money and made the fourth payment to three of the powers in February, 1874. As the United States had not pressed for payment no money was offered her, but Secretary Fish instructed Mr. Bingham that as the other powers had been paid Japan must meet her obligations in full. In May, the fifth payment was made, in the same manner, but in July, the Japanese government paid \$250,000 to the American minister, and the last payment followed on August 4. When Sir Harry Parkes, on August 4, turned over the American share of the last British payment (based upon the special sum credited to the United States, France and Holland), the payment of the Shimonoseki indemnity was at last concluded, almost eight years after it was due.

As the money was paid to the American representatives in Japan it was transferred to London and then to New York. Because of the high premium on gold during the late sixties the first two instalments, which amounted to \$392,000 Mex. in Japan, brought \$586,125.87 in currency in New York. This amount was invested in United States bonds at par. The other instalments were transferred and invested in the same way, but the profit was not so large. As the interest accrued, it also was invested in bonds, until in 1883 the indemnity fund amounted to \$1,839,533.99 in bonds and cash.

Long before the payments were completed the effort to secure the return of the money to Japan was in progress. The story of this propaganda is an interesting one which reflects great credit on all who took part in it, but it cannot be told here. From 1868 until 1883 there was not a session of Congress at which some proposal regarding the indemnity was not considered. Several attempts were made to use all or part of the money for other purposes, some of them good and others of doubtful propriety, but Congress should be given credit for not diverting any of this money. The delay in passing the act for the return of the indemnity was largely due to legislative reasons, the

difficulty of securing consideration for such a bill during the crowded sessions of Congress when individual members were so eager to secure attention for their own measures. Rarely did anyone question the justice of the proposed action. So bills were repeatedly passed in one of the two Houses, but concurrence could not be secured. Thus, in 1872, the House of Representatives voted to release Japan from further payments. In 1876, the Senate voted to return \$640,054 to Japan. In this debate the point was raised that the government never paid interest on claims. In 1881, the Senate voted to return \$1,463,224, and the next year the House passed a similar bill, the sum now being increased to \$1,516,364. In the later proposals provision was always made for some sort of payment, as prize money, to the crew of the *Wyoming* and those of the *Jamestown* who served aboard the *Ta-Kiang*. Although the House bill of 1882 was similar to the Senate bill of 1881 the Senate now altered its views and no agreement could be reached. Finally, in 1883, the House receded and the bill was passed. This called for the payment to Japan of \$785,000.87 (where the 87 cents came from no man could tell, for the purpose of the act was to pay back the amount received, without interest). The bonds were to be cancelled, and then, out of the Treasury, the sum of \$140,000 was to be paid to the crew of the *Wyoming* and the *Ta-Kiang*. After making the payment to Japan and to the crews the sum of \$914,533.12 remained. If the bonds had been sold, and not cancelled, a premium of about \$250,000 would have been secured.

Mr. Frelinghuysen, secretary of state, promptly forwarded a draft to Mr. Bingham, the American minister in Tokyo, which was paid over to Mr. Inouye, the minister of foreign affairs, on April 23, 1883, after an exchange of courtesies, in which the latter wrote:

It is a source of satisfaction to me to be able to assure your excellency in reply that His Imperial Majesty's government regards the spontaneous return of the money which was paid by the government of Japan to that of the United States under the Convention of October 22, 1864, not only as an additional

proof of the friendly disposition of your excellency's government, but as a strong manifestation of that spirit of justice and equity which has always animated the United States in their relations with Japan, and it will, I am convinced, tend to perpetuate and strengthen the mutual confidence and the feeling of cordial goodwill and friendship which at present happily subsist between the people of our respective countries.

Japan used the money to build the break-water of Yokohama, to perpetuate "in lasting, useful, and visible form" the good will of the United States. And better than that she used the idea, for the same year she returned to Korea about 400,000 yen, the balance of the indemnity of 550,000 yen payable under the convention of 1882, with the stipulation that the money be used for educational purposes.

Two years later, in 1885, the United States returned \$583,400.90 to China, being the unclaimed balance of the indemnity of 1858, but in this case interest at 5 per cent was allowed on the ground that the money really belonged to China from the day the last claim was paid. Then, beginning in 1908, came the remission of almost \$11,000,000 of the Boxer Indemnity. These are three concrete examples of America's good will and her desire to do the honorable thing in her dealings with eastern peoples. They have meant more than tons of paper and gallons of ink expended in formal assurances. In the case of the Shimonoseki indemnity the deed was especially appreciated, for it came at a time when Japan was losing faith in international honor as she struggled for treaty revision. If the relations between the United States and the great powers of Asia can be maintained true to the high standards manifested in these transactions there need be no fear of misunderstandings which cannot be solved by reasonableness and good will.